

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Defiance Financial Corp.

Point of Contact:	Donald Hileman	RSSD: (For Bank Holding Companies)	336917
UST Sequence Number:	108	Docket Number: (For Thrift Holding Companies)	H2513
CPP/CDCI Funds Received:	37,000,000	FDIC Certificate Number: (For Depository Institutions)	29845
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 05, 2008	City:	Defiance
Date Repaid ¹ :	N/A	State:	Ohio

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

W made an effort to maintain lending availability by increasing and protecting capital.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Defiance Financial Corp.

☐ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

☒ **Increase securities purchased (ABS, MBS, etc.).**

We grew the mortgage backed securities portfolio as an alternative to lending opportunities in our markets. We looked at the cash flow available from the securities as a way to fund lending when volume picks up.

☐ **Make other investments.**

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Defiance Financial Corp.

X Increase reserves for non-performing assets.

0

X Reduce borrowings.

The additional capital allowed us to make appropriate charge off of stressed credits and maintain strong capital ratios.

X Increase charge-offs.

0

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

First Defiance Financial Corp.

<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution.

<input type="checkbox"/>	Held as non-leveraged increase to total capital.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

First Defiance Financial Corp.

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

We were able to avoid a capital decline due to asset quality deterioration.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Defiance Financial Corp.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We continued to advertise for loans and worked hard to acquire new clients and loan relationships. We might have taken a more aggressive strategy of asset sales and divestitures if not for the capital .

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

First Defiance Financial Corp.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.